

Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 ADP-00 AID-20 CIAE-00 EB-11 FRB-02

INR-09 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 SAL-01 OMB-01 NSC-10 SS-14 STR-08

CEA-02 L-03 H-02 DODE-00 PA-03 USIA-12 PRS-01 RSR-01

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R 091944 Z MAR 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9577

C O N F I D E N T I A L LONDON 02865

DEPARTMENT PASS COMMERCE

E. O. 11652: GDS

TAGS: ENRG, US, UK

SUBJECT: NORTH SEA OIL - PRESSURE TO BUY BRITISH

REF: (A) STATE 21753, (B) STATE 33391, (C) LONDON 2723

(D) LONDON 1294, (E) LONDON 1631

1. WE DELIVERED NOTE THIS SUBJECT MARCH 9 TO GEORGE WHITEHEAD, ASSISTANT UNDER SECRETARY, FCO. TEXT IS THAT CONTAINED PARAS 8 TO 12 REFTEL A AS AMENDED IN ACCORDANCE REFTEL C. WHITEHEAD PROMISED EARLY ATTENTION AND REPLY.
 2. WE RECALLED THAT SECRETARY DENT AND ASSISTANT SECRETARY ARMSTRONG HAD RAISED SUBJECT WITH DTI SECRETARY OF STATE PETER WALKER ON HIS JANUARY VISIT AND THAT ECONMIN HAD INDICATED TO SIR MAX BROWN ON FEBRUARY 5 U. S. PROBLEMS WITH DTI LETTER INVITING QUARTERLY REPORTS OF NORTH SEA OPERATORS' ORDERS, AND LINKING COMPANIES' PROCUREMENT PRACTICES WITH ALLOCATION OF FUTURE OFFSHORE LICENSES (REFTEL E). WE SAID THAT THIS IS MATTER OF HIGH LEVEL AND CONTINU-
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ING CONCERN IN WASHINGTON.

3. WE DREW ON REFTTEL A TO MAKE POINT THAT ALTHOUGH WE APPRECIATED POLITICAL SENSITIVITY OF NORTH SEA ISSUES AND SUPPORTED MINISTER'S DESIRE TO ASSURE BRITISH FIRMS FULL AND FAIR OPPORTUNITY TO COMPETE, WE WERE CONCERNED TO ASSURE THAT U. S. FIRMS ENJOYED SAME FULL AND FAIR OPPORTUNITY. WE WERE SATISFIED THAT U. S. COMPANIES OPERATING IN NORTH SEA WISHED TO COOPERATE WITH DTI AND TO GIVE BRITISH FIRMS EVERY OPPORTUNITY TO COMPETE BUT THEY ALSO WISHED, AND WE WISHED TO ASSURE THEM, OPPORTUNITY TO PLACE THEIR ORDERS ON COMPETITIVE BASIS. NEED TO JUSTIFY TO DTI PLACEMENT OF ORDERS WITH NON- BRITISH SUPPLIERS WAS BOUND TO AFFECT U. S. FIRMS' PROCUREMENT DECISIONS AND IN LINKING THIS WITH ALLOCATION OF FUTURE LICENSES WE FEARED DTI HAD TAKEN STEP THAT AMOUNTED TO CREATION NEW NON- TARIFF BARRIER. WE FOUND THIS PARTICULARLY UNFORTUNATE AT THIS JUNCTURE.

4. WHITEHEAD SAID THAT INTENTION OF HMG WAS ONLY TO AFFORD FULL AND FAIR OPPORTUNITY TO COMPETE, AND THAT THERE WAS NO INTENTION TO INFLUENCE OR DIRECT PURCHASES IN FAVOR OF BRITISH SUPPLIERS. WE NOTED IT WAS NOT ENTIRELY CLEAR WHETHER MINISTERS INTENDED TO TAKE INTO ACCOUNT IN LICENSE ALLOCATIONS COMPANIES' RECORDS IN BUYING BRITISH OR COMPANIES' RECORDS IN OFFERING BRITISH FIRMS OPPORTUNITY TO COMPETE, AND ASKED WHITEHEAD'S VIEWS. WHITEHEAD SAID THAT HE WAS SATISFIED IT WAS THE LATTER. HE ALSO NOTED THAT EQUALLY ESSENTIAL PURPOSE OF DTI EXERCISE WAS TO IDENTIFY PRODUCT AREAS WHERE BRITISH FIRMS FAILING TO COMPETE. WHITEHEAD ADDED THAT HE WOULD WISH TO STUDY NOTE WITH COLLEAGUES AND PROMISED EARLY ATTENTION AND REPLY.

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